

**LEGISLATIVE FISCAL OFFICE  
ANALYSIS OF BA-7 REQUEST  
Approved By JLCB**

**DEPARTMENT:** Environmental Quality

**AGENDA NO.:** 1A

**AGENCY:** Management & Finance

**ANALYST:** Charley Rome

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Support Services	\$1,165,000	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$1,165,000			
Federal Funds:	\$0			
<b>Total</b>	<b><u>\$1,165,000</u></b>	<b>Total</b>	<b><u>\$1,165,000</u></b>	<b><u>0</u></b>

**I. SUMMARY/COMMENTS**

This BA-7 request is a companion to BA-7 #1B.

The purpose of this BA-7 request is to increase statutorily dedicated funds from the Environmental Trust Fund by \$1,165,000 to fund legal services provided by the Department of Justice (DOJ) related to investigations of alleged improper payments made to oil and gas companies from the Motor Fuel Underground Storage Tank Trust Fund (MFTF). The MFTF was established as a means of helping underground storage tank (UST) owners, operators, or responsible parties (owners) meet the financial responsibility requirements set forth by the Environmental Protection Agency.

The MFTF is designed to reimburse costs incurred during the rehabilitation and remediation of affected soils, groundwater and surface waters at motor fuel contaminated UST sites, provided these costs are necessary and appropriate. However, UST owners are not eligible to participate in the MFTF if they have outside insurance. UST owners seeking reimbursement of rehabilitation and remediation costs associated with MFTF sites must sign an affidavit certifying that they have no insurance to pay for costs at the site (before anything is paid and LDEQ determines the site is eligible for reimbursement). The Attorney General's Office is investigating 7 major companies. One company has settled. With the remaining 6 companies, the DOJ is in discovery, litigation, or settlement negotiations related to claims by the state that the companies had outside insurance that invalidated their MFTF claims and could have funded remediation of underground storage tank sites. The DOJ determines the initial litigation budget and subsequent litigation costs billed to DEQ. DEQ will transfer these funds to DOJ via IAT expenditure category.

**II. IMPACT ON FUTURE FISCAL YEARS**

The Attorney General's Office anticipates investigation and litigation expenses related to the Motor Fuels Trust Fund program to continue at the increased amount of \$3,330,000 for the next 2 fiscal years. However, the LDEQ FY 16 budget in HB 1 Engrossed only includes \$1.1M in expenditure authority from the Environmental Trust Fund in the Office of Management in Finance to fund these litigation costs.

**III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION**

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE  
ANALYSIS OF BA-7 REQUEST  
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DEPARTMENT: Justice

AGENDA NO.: **1B**

AGENCY: Attorney General

ANALYST: Matthew LaBruyere

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administrative	\$0	0
Interagency Transfers:	\$1,165,000	Civil Law	\$1,165,000	0
Self-Generated Revenue:	\$0	Criminal Law & Medicaid Fraud	\$0	0
Statutory Dedications:	\$0	Risk Litigation	\$0	0
Federal Funds:	\$0	Gaming	\$0	0
<b>Total</b>	<b><u>\$1,165,000</u></b>	<b>Total</b>	<b><u>\$1,165,000</u></b>	<b><u>0</u></b>

**I. SUMMARY/COMMENTS**

This BA-7 request is a companion to BA-7 #1A.

The purpose of this BA-7 request is to increase IAT budget authority by \$1,165,000 in the Attorney General's Office, Civil Law Program. Funds are being transferred from the Department of Environmental Quality. The original source of funds requested to be transferred is the Environmental Trust Fund.

The additional funds will be used to pay for outside counsel and expert witnesses for the remainder of the year that are prosecuting and investigating improper claims from the Motor Fuels Trust Fund (MFTF) program. According to the Attorney General's Office, the department estimates it will spend \$120,000 for an expert witness and \$1,045,000 on outside counsel. The current FY 15 budget authority is \$1,165,000 and from July 2014 to December 2014 \$1,002,146 was paid to outside counsel. The increase of \$1,165,000 will result in a total FY 15 budget authority amount of \$2,330,000.

The MFTF program reimburses costs to underground storage tank (UST) owners, operators and responsible parties for remediation and rehabilitation of affected soils, groundwater and surface water contaminated by UST sites. The Attorney General's Office is auditing payments and seeking to recover the funds. The Attorney General's Office is investigating 7 major companies. One company has settled, 4 companies are in settlement discussion, and the office has filed suit against 2 companies.

**II. IMPACT ON FUTURE FISCAL YEARS**

The Attorney General's Office anticipates investigation and litigation expenses related to the Motor Fuels Trust Fund program to continue at the increased amount of \$3,330,000 for the next 2 fiscal years. However, the FY 16 budget includes IAT budget authority of only \$1.1 M.

**III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION**

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE  
ANALYSIS OF BA-7 REQUEST  
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**DEPARTMENT:** Culture, Recreation & Tourism

**AGENDA NO.:** 2

**AGENCY:** State Museum

**ANALYST:** Drew Danna

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Museum	\$100,000	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$100,000			
Statutory Dedications:	\$0			
Federal Funds:	\$0			
<b>Total</b>	<b><u>\$100,000</u></b>	<b>Total</b>	<b><u>\$100,000</u></b>	<b><u>0</u></b>

**I. SUMMARY/COMMENTS**

The purpose of this BA-7 request is to increase SGR budget authority for the Office of State Museum (OSM) to pay increased operating expenses. OSM has averaged \$57,051 in monthly utility expenditures to date. Providing for the first 9 months of the fiscal year, the office has spent \$513,459 in utility expenditures in FY 15. OSM projects there will be an additional \$171,000 in utility expenses for the remainder of the fiscal year for a total expenditure of approximately \$684,000 for OSM. The utility fees will account for \$81,635 of this BA-7 request.

In addition, this request will also be used to pay 372 hours of overtime costs for security personnel for OSM totaling \$18,365. The security staff, which consists of 16 FTEs and 4 WAEs, is required to work after-hours events such as weddings and meetings. This includes the actual event time plus 2 hours prior and 2 hours after the event for set up and break down. The average event is no less than 3 hours long, so staff works approximately 7 hours for the average event. All OSM facilities combined will have hosted approximately 283 after hours events by the end of the fiscal year. The facilities include: the Cabildo, the Presbytere, the Old U.S. Mint, the 1850 House, and Madame John's Legacy in New Orleans, the E.D. White Historic House in Thibodaux, and the LA State Museums in Baton Rouge, Patterson, and Natchitoches.

The expenditure increase will be supported from SGR through increased rental of state museum facilities and increased ticket sales for visits. Over the last 3 years, visitation to OSM facilities has increased from 308,000 visitors in FY 12 to 418,000 in FY 13 and 467,000 in FY 14. CRT is projecting FY 15 SGR for OSM to be \$579,000, an increase from \$454,000 in FY 14. OSM has been averaging approximately \$10,000 more in ticket revenue per month than in FY 14 in rentals and fees.

**II. IMPACT ON FUTURE FISCAL YEARS**

The current version of HB 1 includes a reduction in the overall operating expenditures from \$827,000 in FY 15 to \$541,000 in FY 16. To the extent this BA-7 request is not annualized within the FY 16 budget, there may be a need for another BA-7 request for these same expenditures a year from now.

**III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION**

The Legislative Fiscal Office recommends approval of this BA-7 request.